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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

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HQ USAF FOR XXXX
DA WASHDC FOR SASA
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
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COMSIXTHFLT FOR 019

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Reflecting various reports in the Israeli media, The Jerusalem Post quoted PA officials in Ramallah as saying on Monday that the Palestinians will only participate in the US-sponsored meeting if a

general agreement is first reached with Israel on all the fundamental issues. Makor Rishon-Hatzofe quoted the Lebanese newspaper Al-Nahar as saying that the Palestinians have readied a detailed draft for a final-status agreement that includes the removal of all settlements within three years. The Jerusalem Post quoted Yisrael Beiteinu party officials as saying on Monday that PM Olmert need not fear the party leaving his coalition over territorial concessions made to Abbas at Annapolis as long as he does not cross the party's "red lines."

Last night Channel 2-TV (lead story in Yediot) reported that IDF Chief of Staff Gabi Ashkenazi sent a letter to PM Ehud Olmert and Defense Minister Ehud Barak, expressing his reservations about the release of 29 Gazan security prisoners and noting that Cpl. Gilad Shalit is captive in Gaza. Ashkenazi had already signed a recommendation to release the prisoners. In a possibly related development, President Shimon Peres delayed his signing of the release document for the 29 prisoners until late Monday afternoon.

The media reported that Syrian President Bashar Assad implied in an interview with BBC-TV on Monday that Syria will not retaliate militarily for the alleged Israeli strike last month, but that Syria still reserves the right to respond. Assad was quoted as saying that the incident showed Israel's "visceral antipathy toward peace." He was further quoted as saying that the attack targeted an unused military building. Assad also said he was not sure Syria would participate in the US-sponsored international peace meeting set for November. "If they don't talk about the Syrian occupied territory, no, there's no way for Syria to go there. It should be about comprehensive peace, and Syria is part of this comprehensive peace," Assad was quoted as saying. Ha'aretz reported that a top GOI official in Jerusalem responded to Assad's speech by saying the planned meeting "is not meant to replace direct negotiations." Makor Rishon-Hatzofe quoted the British weekly The Sunday Times as saying that Russia has sent experts to Syria to upgrade its air defense systems.

The media reported that on Monday FM Tzipi Livni told the UN General Assembly: "Too many see the danger [of Israel's annihilation] but walk idly by, hoping that someone else will take care of it." She added that Iran was the world's primary sponsor of terrorist activity. She was quoted as saying: "There are still those who, in the name of consensus and engagement, continue to obstruct the urgent steps ... to bring Iran's sinister ambitions to a halt." Ha'aretz noted that Livni's message was apparently directed at Russia and China, who pressed to restart negotiations with Tehran based on the findings of the International Atomic Energy Agency before voting on sanctions. Livni said that Iran is a major source of instability in the entire Middle East. Regarding recent developments with the Palestinians and the perceived opportunities, Livni was quoted as saying: "There is no substitute for the bilateral process. Failure is not an option -- but it is for the parties themselves to define success. It is time to reclaim democracy, and this begins by rejecting those who abuse it ... No true democracy on earth allows armed militias, or groups with racist or violent agendas, to participate in elections."

Ha'aretz quoted Israeli security sources as saying that Israel has issued a message to Egypt expressing the seriousness with which it regards Cairo's decision to allow at least 80 Hamas members to cross into Gaza last Sunday, because some of those who crossed recently underwent military training in Iran and Syria. Ha'aretz quoted an Israeli spokesman as saying that Egypt appeared to want to play down its level of coordination with Hamas, and that Israel was told that those who crossed on Sunday had broken through the border fence.

All media (banner in Maariv) quoted Daniel Seaman, Director of the Government Press Office (GPO), as saying on Monday that the September 2000 death of Palestinian child Mohammed Al-Dura in the Gaza Strip was staged by a Gaza cameraman. Seaman made the comments in an official letter, representing the Prime Minister's Office, in response to demands he strip France 2-TV journalists of their GPO credentials. France 2-TV had broadcast the original footage of Al-Dura's death on September 30, 2000, the second day of the Second Intifada. Seaman also wrote that "Israel was accused of murdering a small child after the event by the world press and his image has been burned into the collective Arab memory as a symbol of the brutality of the Zionist state." Ha'aretz quoted PM Olmert's Bureau

as saying that it had not received Seaman's letter, did not know of its contents nor did it grant its approval. However, it seems that the Prime Minister's Office's legal adviser approved the letter. Conversely, Yediot reported that on Monday Olmert's Bureau claimed that it did not approve or review the letter sent to the French TV station. Maariv cited France 2-TV's denial of the accusations.

Major media reported that on Monday security forces evacuated most of the hilltops taken over by right-wing activists in a declared attempt to establish illegal outposts. Several media reported that on Monday the State Attorney's office accepted a petition by Peace Now against delaying the evacuation of Hebron shops invaded by settlers.

Ha'aretz reported that last week the US Congress adopted a resolution congratulating Israel on chairing a UN committee for the first time. The director of the Israel Foreign Ministry's UN Political Affairs Department, Ron Adam, was appointed chair of the 33-member Committee on Program and Coordination, which examines and approves the work plan for all UN agencies and bodies. The House Foreign Affairs committee congratulated Adam and the "government and people of Israel on Israel's first ever appointment to chair a UN committee." The resolution was initiated by Rep. Alcee Hastings (D-FL).

Internal Security Minister Avi Dichter (Kadima) was quoted as saying in an interview with Ha'aretz that it would be preferable if the Attorney General would delay the probes against PM Olmert until Olmert finishes his term. Furthermore, Dichter was quoted as saying that he believes that Israeli politics could benefit from a change in the law that would introduce rigid criteria for initiating criminal investigations against senior officials.

The Jerusalem Post reported that during a meeting with Rep. Jim Moran (D-VA), six AIPAC members spurned him for saying recently that that AIPAC pushed the US into war in Iraq.

Leading media reported that on Monday several dozens of protestors gathered in front of the Myanmar Embassy in Tel Aviv.

Ha'aretz reported that Spacenet, a subsidiary of NASDAQ-listed Israeli company Gilat Satellite, has teamed up with Verizon to supply SkyEdge satellite-bases communications systems to the United States Postal Service. Verizon was quoted as saying that the entire project is worth USD 25 million.

Leading media reported that AT&T is making its first acquisition in Israel -- the startup Interwise, for USD 121 million. The company makes software for conferencing via the Internet.

Ha'aretz reported that last month an Israeli scientist, Dr. Michael Graber, the former deputy executive secretary of the UN Environment Program (UNEP) Ozone Secretariat received an award for his work. The Montreal Protocol to protect the earth's ozone layer was signed 20 years ago. The treaty was the first agreement banning or limiting chemicals that harm the ozone layer. Graber received a Montreal Protocol Outstanding Service Award, as part of the UNEP's acknowledgment of the program's success.

All media reported that on Monday the US dollar reached the low point of 3.96 shekels.

Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "If there is no significant softening in the position of the leaders to the point where Bush will be able to bridge their differences at Annapolis, the whole effort may break down -- heaven forbid -- with terrorist attacks terrorist attacks the enemies of an agreement are planning."

Giora Eiland, former director of Israel's National Security Council,

wrote in the mass-circulation, pluralist Yediot Aharonot: "It is clear that Israel has already given up the principle of not discussing the final status issues before there is a solution to the security problems. It is likely that this Israeli concession is appropriate, but what exactly did we receive in exchange?"

Washington correspondent Orly Azolai wrote in Yediot Aharonot: "Washington wants Syria at the discussion table so that it will not try to destroy the Israeli-Palestinian dialogue and in order to get it away from Iran. In order to do this, the United States is also willing to discuss the future of the Golan Heights, which is also part of the Saudi initiative."

Arab affairs correspondent Smadar Perry wrote in Yediot Aharonot: "Syrian Foreign Minister Walid Mualeem, who made a fiery speech against Israel at the UN on Monday, will not get the green light to propose peaceful relations with Israel when he arrives at the conference. Therefore, Assad knows perfectly well that the Washington peace conference will not get the Golan Heights back for him."

Block Quotes:

II. "More Flexibility Required"

The independent, left-leaning Ha'aretz editorialized (10/2): "[The recent] toughening in Palestinian positions is aimed at scoring points with the Palestinian public and Arab states, which are supposed to back Abbas on his way to the summit. Abbas would like to bypass the leadership of Hamas and gain the support of the Palestinian public; however, the Palestinians apparently support the Hamas policy, even though they are not pleased with the hardships being endured in the Gaza Strip. Even key states, like Saudi Arabia, may demand that Abbas not moderate his positions, in return for their seal of approval on the summit.... Israel can contribute to [the] effort [to give substance to a future Palestinian entity] by spurring economic activity in the Palestinian Authority, in part by removing roadblocks, and bolster Abbas by releasing more prisoners. However, in spite of the importance of these measures, if there is no significant softening in the position of the leaders to the point where Bush will be able to bridge their differences at Annapolis, the whole effort may break down -- heaven forbid -- with terrorist attacks the enemies of an agreement are planning."

II. "Is It Better to Talk?"

Giora Eiland, former director of Israel's National Security Council, wrote in the mass-circulation, pluralist Yediot Aharonot (10/2): "A political initiative could be welcome, and negotiations are a preferable way to solve conflicts, but the assumption that it is always better to talk is mistaken. Moreover, it is not right to conduct negotiations, certainly not public negotiations under international sponsorship, before holding a complete and real analysis that includes three stages: 1) A clear definition of our interest (and order of priorities). 2) An analysis of the interests of all the players (including the Americans, the Saudis and others) and 3) on the basis of the two previous articles, a definition of the 'required achievement,' which means how the process will end if we conduct it as we should. Only when the subject is completely clarified is it possible and right to issue statements and make promises in the name of the state. I am not sure that such a complete procedure is taking place now.... On the other hand, it is clear that Israel has already given up the principle of not discussing the final status issues before there is a solution to the security problems. It is likely that this Israeli concession is appropriate, but what exactly did we receive in exchange?"

III. "The United States' Deal"

Washington correspondent Orly Azolai wrote in Yediot Aharonot (10/2): "Washington officially wants the countries of the Arab League, led by Saudi Arabia, at the discussion table, and therefore will be forced to include elements of the Saudi initiative on the agenda.... The Americans surprised everyone when they decided to invite Syria to the conference even though it is considered a state

that sponsors terrorism. The United States accuses Syria of undermining the Lebanese government and of giving terrorists on their way to strike at American troops, passage to Iraq through its territory. Washington wants Syria at the discussions so that it will not try to destroy the Israeli-Palestinian dialogue and in order to get it away from Iran. In order to do this, the United States is also willing to discuss the future of the Golan Heights, which is also part of the Saudi initiative."

IV. "AssadQs Goat"

Arab affairs correspondent Smadar Perry wrote in Yediot Aharonot (10/2): "Assad already knows that Syria will be invited to the conference in Washington, like a problematic family member who is better brought along, lest he stay home and break the furniture. He also knows that even though his enemies in Saudi Arabia have been shunning him since the assassinations in Beirut, they will still do the work for Damascus. It makes no difference who represents the Saudi royal palace in the meetings; at the discussion table he will have to raise the Arab peace initiative, which offers normal relations with Israel in exchange for withdrawal to the 1967 borders. For Assad, this proposal sketches the departure route from the Golan Heights. But Syrian Foreign Minister Walid Mualeem, who made a fiery speech against Israel at the UN on Monday, will not get the green light to propose peaceful relations with Israel when he arrives at the conference. Therefore, Assad knows perfectly well that the Washington peace conference will not get the Golan Heights back for him."

JONES